



# Chatham Wealth Management

July 3, 2014

Dear Client,

The second quarter of 2014 was a solid one for most asset classes. A backdrop of strong earnings, the best job creation numbers since 1999, and a bounce back from a dismal winter that negatively affected the economy led to strong gains. Stocks rose about 5%, MLP's better than 10%, and bonds advanced by almost 2%. This marks the 6<sup>th</sup> straight quarter in which stocks produced positive returns.

We will be keeping our eyes on a few important indicators and events this summer. Second quarter corporate earnings will start to be announced shortly and we expect them to grow +5% from last quarter. We expect revenue to grow +3%. We expect earnings for the year to grow at better than 7% both this year and next. Those earnings translate into a twelve month forward price earnings ratio of about 15.5x. This is about an average multiple historically and given the low interest rate environment, we feel the market is fairly valued.

We will also be keeping an eye on any comments that come from The Federal Reserve. General consensus is that they finish their QE program this fall and will start raising rates sometime next summer. I believe there is an outside chance that the positive jobs numbers coupled with inflation figures running at the high end of their target will be a catalyst to start raising rates sooner rather than later. Of course we are watching the geo political issues arising from the latest developments in the Middle East, Russia, and Iraq.

As many of you approach retirement, when to take social security will become an important decision. All things being equal, for every year you put off taking your money, the government will pay you an additional 7% or more guaranteed when you do end up taking distributions. In today's environment that is a very good deal. If you have any questions regarding this or any other financial planning topics, please feel free to reach out to us.

We expect to roll out a new site this fall for our clients to access their accounts. Clients will be able to access reports including holdings and performance via the internet. For those who have access to Apple products we will be building a Chatham Wealth Management app for Mac, Ipad, and Iphone. We will keep you posted.

We have enclosed our privacy notice that we are required to annually send you.

Enjoy the rest of your summer!

Sincerely,

Dan Moskowitz, CFP®  
President